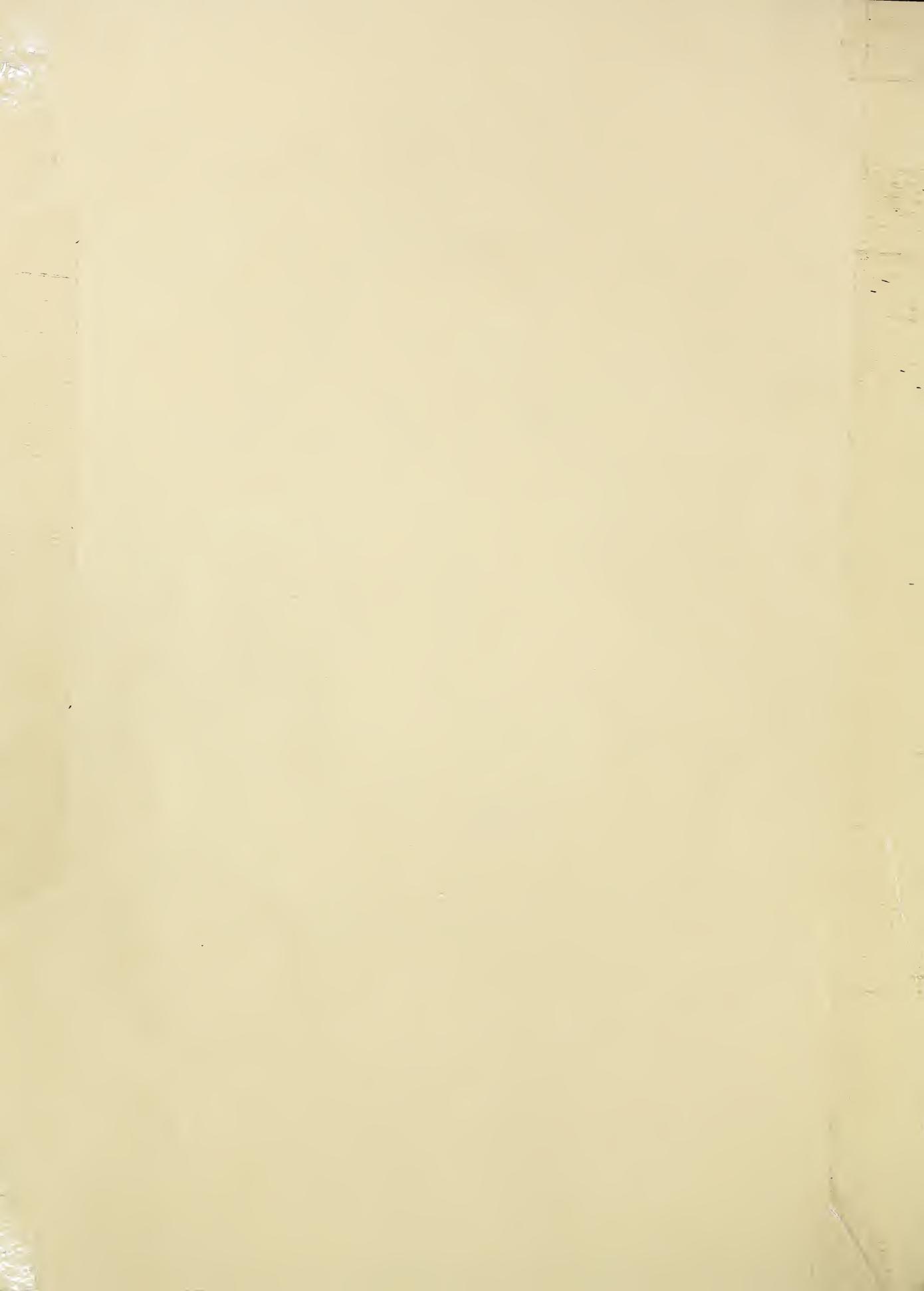


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Food Stamp Program

On January 21, 1961, the Secretary of the U.S. Department of Agriculture (USDA) was directed by the President in Executive Order No. 1 to increase the amount and variety of foods being distributed to low-income families. In the President's Message to Congress on February 2, 1961, USDA was requested to establish a Pilot Food Stamp Program. The purpose was to test the effectiveness of such an approach in providing better nutrition for needy people and in making more effective use of the nation's abundance of food. In formulating the Pilot Food Stamp Program, the concept of the 1939-1943 Plan was used, but a different approach was developed to more effectively implement the intent of the order.

Pilot Program

On March 7, 1961, eight pilot areas were designated, seven in primarily rural type areas--Franklin County, Illinois; Floyd County, Kentucky; Virginia-Hibbing-Nashwauk complex in Northern Minnesota; Silver Bow County, Montana; San Miguel County, New Mexico; Fayette County, Pennsylvania; McDowell County, West Virginia--and one in an urban area--Detroit, Michigan. The Pilot Food Stamp Program proved to be an effective means of expanding farm markets and improving the food consumption and nutrition of low-income households. Special evaluation studies undertaken by the research agencies of USDA showed that--

1. Participating households made significant increases in their food consumption under the Pilot Food Stamp Program even though they had formerly been receiving Federally-donated commodities.
2. Over 80 percent of this increase was accounted for by live-stock products and fruit and vegetables alone.
3. The nutritional value of the diets of participating households was substantially improved.
4. Retail food store sales increased an average of eight percent in the pilot areas after the Pilot Food Stamp Program was inaugurated. All sizes of stores--from the very small to the largest--shared in this increase.

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5. Favorable reactions to the Pilot Food Stamp Program were reported in a study of attitudes toward the program.

By August 1964 the Pilot Food Stamp Program was operating in 43 project areas in 22 States, and over 350,000 people were participating in the program. The total value of food coupons issued in August 1964 was \$5.8 million, of which \$2.2 million represented the value of bonus coupons. The average amount of bonus coupons which each person received in August 1964 was \$6.38.

On January 31, 1964, the President's message on agriculture recommended legislation to place the Pilot Food Stamp Program on a permanent basis and to make it more widely available. Thus, the Food Stamp Act (Public Law 88-525) was signed into law on August 31, 1964.

Area Participation

In order for an area to be considered for inclusion in the Food Stamp Program, a request on its behalf must first be received from the State welfare agency. The State welfare agency is responsible for assigning priorities among those areas for which participation is requested from county governments. In designating

new areas for the program, the Food Stamp Act directs the USDA to provide the priorities for equitable treatment among the States. In doing so, USDA must take into account the priorities assigned by the State and the State's readiness to assume its responsibilities for program administration.

Public Law 93-86, dated August 10, 1973, mandates nationwide expansion of the Food Stamp Program by June 30, 1974, unless a State agency can demonstrate that the participation of a particular area would be impossible or impracticable.

Principles

The standards for participation of eligible households in the Food Stamp Program are the same for everyone without regard to race, color, sex, religious creed, national origin, or political beliefs.

Under the Food Stamp Program a household pays a certain amount for an allotment of food coupons having a greater monetary value. The amount a household pays--called the purchase requirement--is determined on the basis of the household's size and income after certain deductions have been allowed. The purchase requirement represents

a reasonable investment on the part of the household, but, by law, may not exceed 30 percent of the household's net income. Households with little or no income receive their food coupons free.

The amount of coupons a household receives--called the coupon allotment--is based on the cost of the Economy Food Plan which is a low-priced, nutritionally adequate diet developed by the Agricultural Research Service, USDA. The Food Stamp Act as amended in 1973 requires that the coupon allotment be adjusted semi-annually to reflect changes in the prices of food published by the Bureau of Labor Statistics, Department of Labor. The coupons, which are slightly smaller than a \$1.00 bill, come in three denominations and colors. Maroon coupons are worth \$5.00; blue coupons are worth \$2.00, and orange coupons are worth 50 cents. They are issued in books of various total values ranging from \$2.00 to more than \$100.

When a household receives its coupons it may use them to purchase food--or plants and seeds used to produce food for its personal consumption--from retail food stores which are authorized to participate in the program. In addition, a number of individual provisions for special uses of coupons by select groups of people were made by 1971 and 1973 amendments to the Food Stamp Act. The 1971 amendments allow certain elderly disabled persons to purchase meals prepared for and delivered to them by authorized nonprofit meal delivery services. The 1973 amendments expand the program to permit elderly participants to use coupons for meals served by certain authorized establishments and to allow program participants who are drug addicts or alcoholics taking part in rehabilitation programs to use their coupons to purchase meals from certain authorized nonprofit organizations. Finally, persons living in remote areas of Alaska may use food coupons to purchase hunting and fishing equipment--excluding firearms, ammunition and other explosives.

Eligibility

Participation in the program is open to those households who live in an area in which the program is operating, who are found to be in need of food assistance by local welfare officials using established national uniform standards of eligibility, and who comply with certain work registration requirements

of the program. Thus, households or families in which welfare recipients are living with low-income persons, those living on limited Social Security or other pensions, the unemployed, those working part-time or for low wages, or those having no income may all be eligible for food stamps.

Households or families in which everyone is receiving welfare assistance are eligible for the program.

Persons giving false information, participating in the program illegally, or misusing food coupons may be subject to prosecution.

Retailers & Meal Services

The USDA's Food and Nutrition Service authorizes food retailers and certain meal services to accept coupons, providing they agree to abide by the rules for accepting and redeeming coupons. The firms redeem coupons through banks or through authorized wholesalers. Local banks, in turn, send the coupons to the Federal Reserve Banks. If a firm is found to be violating the program regulations, it may be disqualified from participating for periods of from 30 days to three years. It may also be subject to civil or criminal prosecution.

Administration

Under the terms of the Food Stamp Act, each State's welfare agency is responsible for administering certain aspects of the program within the States. These functions include:

certification of needy households, issuance of food coupons, and effecting action to inform low-income households of the availability and benefits of the program and insure the participation of eligible households.

Scope

Consistent with the primary purposes of the Food Stamp Act, the Food Stamp Program has provided low-income families with an opportunity to obtain a nutritionally adequate diet, and to expand the market for farm products. By the end of fiscal year 1973, the Food Stamp Program was operating in 2,227 project areas in 47 States and the

District of Columbia, and nearly 12.2 million people paid about \$146 million and received \$178 million worth of free or bonus food coupons, or a total of over \$324 million worth of food coupons each month. These participants were able to use these coupons at any of the more than 180,000 authorized firms and 834 authorized nonprofit meal delivery services.